

PURCHASE PROCEDURE

1) Purchase of goods without quotation/ off the shelf purchase (Limit upto 15000/-): (Ref: Rule No. 145 GFR 2005)

Purchase of goods up to the value of Rs. 15000/- (Rupees Fifteen Thousand) only on each occasion may be made without inviting quotations or bids

Procedure:

- a. Financial approval may be sought from the competent authority in the prescribed format (Form I) and item may directly be purchased from the vendor/ supplier. The vendor/ supplier preferentially should have Sales tax/ Service Tax/ VAT No. / LBT No. etc (as applicable)
- b. Payment of the bill should be made on the basis of a certificate to be recorded by the competent authority in the following format on back of the bill.

“I, _____, am personally satisfied that these goods purchased are of the requisite quality and specification and have been purchased from a reliable supplier at a reasonable price.”

- c. The bill should be paid after certifying

STAMP I - Concern Department

STAMP II – Central Stores

No Purchase Committee is necessary for any purchase up to Rs. 15000/-

2) Purchase of goods by Local Purchase Committee by inviting quotations (Limit 15000 – 1,00,000/-): (Ref: Rule 146. GFR 2005)

Purchase of goods costing above Rs. 15000/- (Rupees Fifteen Thousand only) and up to Rs. 1,00,000/- (Rupees One Lakh Only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the competent authority.

Procedure:

- a. Financial approval may be sought from the competent authority in the prescribed format (Form I)
- b. Enquiry shall be sent through store in the prescribed format (Form II)
- c. Quotations shall be opened in front of Local Purchase Committee (LPC).

LPC for Purchase under Plan Grant

- i. HoD or His nominee (Chairman);
- ii. Indenter; and
- iii. One faculty from within department

LPC for Purchase under R &D grant

- i. Indenter/ Principal Investigator (Chairman)
- ii. Two faculty from within department.

- d. Comparative statement should be prepared as per Form III and recommendations should be sent as per Form IV duly signed and certified by LPC for placing the order to store section.

LPC should sign the following certificate along with the recommendation.

“Certified that we _____, members of the purchase committee are jointly and individually satisfied that the goods recommended for purchase are of the requisite specification and quality, priced at the prevailing market rate and the supplier recommended is reliable and competent to supply the goods in question.”

e. Purchase Order shall be placed by the competent authority.

3) Purchase of goods by Purchase Committee (Limit 1,00,000 – 25,00,000/-) Limited Tender Enquiry. (Rule 146. GFR 2005)

This method may be adopted when estimated value of the goods to be procured is up to Rupees Twenty Five Lakhs. Copies of the bidding document should be sent directly by speed post/ Registered post/ Courier/ Email to firms which are borne on the list of registered suppliers for the goods.

The number of supplier firms in Limited Tender Enquiry should be more than three.

Procedure:

- a. Financial Approval shall be sought from the competent authority in the prescribed format (Form I).
- b. Limited tender enquiry shall be sent by the store section.
- c. Quotations shall be opened in front of Institute Purchase Committee (IPC) of the department (as per the case)
- d. Items above 10 Lakhs will be approved in SPC.

Institute Purchase Committee

1. Indenter
2. HoD
3. Dean (P&F) or his nominee as Chairman.
4. Two faculty members.

Purchase through Limited Tender Enquiry may be adopted even where the estimated value of the procurement is more than Rupees Twenty Five Lakhs under the circumstances as listed in **(Rule 151. GFR 2005)**

4) Purchase of goods by Purchase Committee (Limit 25,00,000/- and above)

A) Advertised Tender Enquiry. (Rule 150, 151. GFR 2005)

Invitation to tenders by advertisement should be used for procurement of goods of estimated value Rs. 25 Lakh (Twenty Five Lakh) and above. Advertisement in such cases should be given at least in one national daily having wide circulation.

- a) Where the Institute feels that the goods of the required quality, specifications etc., may not be available in the country, suitable competitive offers from abroad can be looked for. The Institute may invite tenders from the abroad.
- b) Ordinarily, the minimum time to be allowed for submission of bids should be three weeks from the date of publication of the tender notice or availability of the bidding document for sale, whichever is later. Where the Institute also contemplates obtaining bids from abroad, the minimum period should be kept as four weeks for both domestic and foreign bidders.

Purchase Committee

- (i) Indenter; (ii) HoD; (iii) Dean (P&D); (iv)DR (Accounts); (v) Director or his Nominee (Chairman)

The existing procedures and forms regarding quotations, tenders, EMD are in proper order and should be continued. The following procedure is to be adopted.

Procedure:

- a. Financial approval may be sought from the competent authority in the prescribed format (Form I)
- b. Tender specification will be prepared by the department and will be send to stores.
- c. Tender forms will be prepared by Stores and bids will be invited.
- d. Tenders will be opened in front of Committee Members.
- e. Comparative Statement would be prepared by the Department and Stores Section will take approval from SPC and Director.
- f. Purchase Order will be sent by Competent Authority.

B) Single Tender Enquiry. (Ref: Rule 154. GFR 2005)

Procurement from a single source may be resorted to in the following circumstances:

- i. It is in the knowledge of the user department that only a particular firm is the manufacturer of the required goods.
- ii. In a case of emergency, the required goods are necessarily to be purchased from a particular source and the reason for such decision is to be recorded and approval of competent authority obtained.
- iii. For standardisation of machinery or spare parts to be compatible to the existing sets of equipments (on the advice of a competent authority), the required item is to be purchased only from a selected firm.

Note: Proprietary Article Certificate in the following form is to be provided by the Institute before procuring the goods from a single source under the provision of sub(i) and (iii) as applicable.

(i) The intended goods are manufactured by M/s _____

(ii) No other make of model is acceptable for the following reasons:

(iii) Approval of the competent authority vide:

**(Signature with date and designation
of the Procuring Officer)**

Demand for goods should not be divided into small quantities to make piece meal purchases to avoid the necessity of obtaining the sanction of higher authority required with reference to the estimated value of the total demand. **(Ref: Rule 148. GFR 2005)**

Maintenance Contract (Ref: Rule 156. GFR 2005)

Maintenance contracts are especially needed for sophisticated and costly equipments and machinery. Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. It may however be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other maintenance should commence only thereafter.

Bid Security (Ref: Rule 157. GFR 2005)

In the case of advertised or limited tender enquiry, Bid Security (also Known as Earnest Money) is to be obtained from the bidders except those who are registered with the Central Purchase Organisation, National Small Industries Corporation (NSIC).

Advance payment to supplier (Ref: Rule 159. GFR 2005)

Advance payments may be made in the following types of cases:-

- i.** Advance payment demanded by firms holding maintenance contracts for servicing of Air-conditioners, computers, other costly equipment, etc.
- ii.** Advance payment demanded by firms against fabrication contracts, turnkey contracts etc.

Such advance payments should not exceed the following limits:

- i.** Thirty per cent of the contract value to private firms.
- ii.** Forty per cent of the contract value to a State or Central Government agency or a Public Sector Undertaking; or
- iii.** In case of maintenance contract, the amount should not exceed the amount payable for six months under the contract.

Transparency, Competition, fairness and elimination of arbitrariness in the procurement process:

The specifications of the required goods should be clearly stated without any ambiguity so that the prospective bidders can send meaningful bids. In order to attract sufficient number of bidders, the specification should be broad based to the extent feasible. Efforts should be made to use standard specifications which are widely known to the industry.

Essential Technical Particulars (Ref manual on Policies and Procedures for Purchase of Goods, Finance Ministry, Section 4.2)

Technical particulars to be specified in the tender document shall include the following to the extent applicable for a particular purchase:

- i)** Scope of supply including quantity required and, also, end use of the required goods.

- ii) Specifications, technical parameters and product requirements, *expressing the requirement in terms of functional characteristics,*
- iii) Drawings
- iv) Requirements of BIS mark, where applicable.
- v) Requirement of advance sample, if any, at post contract stage before bulk production.
- vi) Special requirements of packing and marking, if any.
- vii) Inspection procedure for goods ordered and criteria of conformity.
- viii) Requirements of special test, if any.
- ix) Requirements of type test, if any.
- x) Requirements of type approval for compliance of statutory requirements w.r.t. pollution, emission, noise, etc.
- xi) Training, Technical support, after sales service and annual maintenance contract requirements, if any.
- xii) Warranty requirements.
- xiii) Qualification criteria of the tenderers.
- xiv) Any other aspects peculiar to the goods in question like *Shelf life of the equipment etc.*

Note: Except in case of proprietary purchase from a selected single source, the specifications must not contain any single brand name, make or catalogue number of a particular manufacturer. At least three brand names should be included meeting the specification”

All dimensions incorporated in the specifications shall be indicated in metric units.

Wherever necessary, the written specification should be supplemented with drawings for additional *clarity* etc.

For any deviations from Indian Standards or for any additional parameters for better performances, specific reasons for deviations/ modifications should be duly recorded with the approval of the competent authority.

Pre-bid Conference: (Ref: Rule 160 (viii). GFR 2005)

In case of turn-key contract(s) or Contract(s) of special nature for procurement of sophisticated and costly equipment, a suitable provision is to be kept in the bidding documents for a pre-bid conference for clarifying issues and clearing doubts, if any, about the specifications and other allied technical details of the plant, equipment and machinery projected in the bidding document. The date, time and place of pre-bid conference should be indicated in the bidding document. This date should be sufficiently ahead of bid opening date.

Determination of a bid’s responsiveness should be based on the context of the bid itself without recourse to extrinsic evidence. **(Ref: Rule 160(x). GFR 2005)**

Negotiation with bidders after bid opening must be severely discouraged.

However, in exceptional circumstances where price negotiation against adhoc procurement is necessary due to some unavoidable circumstances, the same may be resorted to only with the lowest evaluated responsive bidder. **(Ref: Rule 160(xii). GFR 2005)**

In the rate contract system, where a number of firms are brought on rate contract for the same item, negotiation as well as counter offering of rates are permitted with the bidders in view and for this purpose special permission has been given to the directorate General of Suppliers and Disposals (DGS&D). **Rule 160(xiii) GFR 2005).**

Contract should ordinarily be awarded to the lowest evaluated bidder whose bid has been found to be responsive and who is eligible and qualified to perform the contract satisfactorily as per terms and conditions incorporated in the corresponding bidding document. However, where the lowest acceptable bidder against ad-hoc requirement is not in a position to full quantity required, the remaining quantity, as far as possible be ordered from next higher responsive bidder at the rates offered by the lowest responsive bidder. **(Rule 160 (xiv), GFR 2005)**

Buy-Back Offer (Ref Rule 162 (xiv). GFR 2006).

A suitable clause is to be incorporated in the bidding document so that the prospective and interested bidders formulate their bids accordingly. Depending on the value and condition of the bid item to be traded, the time as well as mode of handing over the old item to the successful bidder should be decided and relevant details in this regard suitably incorporated in the bidding document. Further, suitable provision should also be kept in the bidding document to enable the purchaser either to trade or not to trade the item while purchasing the new one The specification in items of quality, type etc., as also quantity of goods to be procured, should be clearly spelt out keeping in view the specific needs of the procuring organisations. The specifications so worked out should meet the basic needs of the organization without including superfluous and non-essential features, which may result in unwarranted expenditure. Care should also be taken to avoid purchasing quantities in excess of requirement to avoid inventory carrying costs.

Registration of Suppliers (Ref Rule 142(i). GFR 2005).

Institute may also register suppliers of goods which are specifically required by that Department or Office.

Purchase of goods directly under rate contract (Ref Rule 142(i). GFR 2005).

In case Institute directly procures Central Purchase Organisation (e. g. DGS&D) rate contracted goods from suppliers, the prices to be paid for such goods shall not exceed those stipulated in the rate contract and the other silent terms and conditions of purchase should be in line with those specified in the rate contract. The Institute shall make its own arrangement for inspection and testing of such goods whenever required.

Advance payment for Imported Items:

90% by way of Letter of Credit or Demand Draft, as the case may be and balance 10% after satisfactory installation and subject to deductions by way of warehouse demurrage charges, if the same is attributable to the party.

In exceptional cases, in the interest of the Institute, the Director/ Dy. Director may authorise 100% payment through LC. In all such cases reasons justifying such exceptions must be recorded in writing. In such cases 10A% BG may be asked for.